

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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December 21, 2004

**FROM:**           **DAVID H. SLAUGHTER**, Director  
Real Estate Services Department

**ROBERTA YORK**, Director  
Preschool Services Department

**SUBJECT:**       **LEASE AMENDMENT WITH ACOSTA REAL ESTATE**

**RECOMMENDATION:** Approve Amendment No. 2 to Lease Agreement No. 97-183 with Acosta Real Estate to extend the term through April 30, 2006 for 6,554 square feet of office and classroom space and 8,250 square feet of playground in Chino for the Preschool Services Department (PSD) in the amount of \$188,760.

**BACKGROUND INFORMATION:** On April 1, 1997, the Board approved a five-year lease agreement, No. 97-183, with three two-year options to extend for 6,554 square feet of office and classroom space and 8,250 square feet of playground at 5585 Riverside Drive in Chino. The original term of the lease was from May 1, 1997 to April 30, 2002. In the seven years since the lease was originally approved, the Board has approved one amendment, which is summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	July 2, 2002	<ul style="list-style-type: none"><li>• Exercised the first of three two-year options extending the term to April 30, 2004</li><li>• Changed the County's right to terminate to allow for termination at any time</li></ul>

On July 22, 2002, the County Administrative Office (CAO) approved Capital Improvement Program (CIP) request (02-61) for 9,687 square feet of office and classroom space and 9,000 square feet of playground for the Chino area. On June 27, 2003, PSD requested RESD initiate a request for proposal (RFP) for space available in Chino. On August 5, 2003, RESD completed the RFP process; however, no responses were received. On November 18, 2003, the Board rescinded the RFP and authorized the Director of RESD to issue a solicitation of proposal (SOP) for the same requirement for PSD. On January 8, 2004, RESD completed the SOP process; however, again, no responses were received. Consequently, PSD requested RESD exercise the second two-year option to extend the term through April 30, 2006. Due to protracted negotiations with the owner, the lease went into holdover as of May 1, 2004.

The lease terms are summarized as follows:

Lessor:	Acosta Real Estate (Frank P. Acosta, Owner)
Location:	5585 Riverside Drive, Chino

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Size: 6,554 square feet of office and classroom space and 8,250 square feet of playground

Term: Two years commencing, and retroactive to, May 1, 2004

Options: One two-year option remains

	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$1.14	\$7,447	\$89,364
(new)	\$1.20*	\$7,865	\$94,380

\*Mid-range for the Chino area

Annual increases: Based on the percentage change to the Consumer Price Index (CPI), not to exceed 4%

Improvement costs: None

Custodial: Provided by County

Maintenance: Provided by County

Utilities: Provided by County

Right to terminate: County has the right to terminate with 60-days notice

Parking: Sufficient for County's needs

**REVIEW BY OTHERS:** This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5465) on October 22, 2004; HSS Administration (John Hallen, Administrative Analyst, 388-0208) on November 16, 2004; and the County Administrative Office (Daniel R. Kopp, Administrative Analyst, 387-3828) on December 13, 2004.

**FINANCIAL IMPACT:** The total cost of this two-year amendment is \$188,760. The total cost in 2004-05 is \$94,380 (\$7,865 per month x 12 months). Lease payments will be made from Rents budget (AAA RNT) and reimbursed from the PSD budget (RSC HPS). Other costs associated with this lease include custodial and utility expenses, which will be paid from the PSD budget. Sufficient appropriation is included in the 2004-05 Rents and PSD budgets. Approval of this item will not result in local cost. Annual lease costs (subject to CPI adjustment) are as follows:

<u>Year</u>	<u>Annual lease cost</u>	<u>Estimate of other costs associated with this lease</u>
May 1, 2004 to April 30, 2005	\$94,380	\$33,000
May 1, 2005 to April 30, 2006	\$94,380	\$33,000

**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item and concurs with the department's and RESD's proposal, and recommends this action based on the continuing need to provide preschool services in the Chino area. This program is approximately 85% federally funded and 15% state funded. Funding is anticipated to be available for the term of this lease extension. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time. The lease can be terminated with 60-days notice.

**SUPERVISORIAL DISTRICTS:** Fourth

**PRESENTER:** David H. Slaughter, Director, 387-7813

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